



# USAID MACEDONIA SMALL BUSINESS EXPANSION PROJECT

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## Quarterly Report

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## STRATEGIC OVERVIEW

Well into its second year, USAID's Small Business Expansion Project (SBEP) continues to advance pilot initiatives and trial methodologies started in FY 2013, and translate them into evidence-backed strategies for widespread impact on local economic development in Macedonia. The operational philosophy of SBEP in Year Two and going forward can be summed up in the phrase "doubling down and scaling up". "Doubling down" means investing further in areas, programs and partners which have proven successful and show potential for creating value at multiple levels. "Scaling up" means expanding project initiatives within the current geographic focus areas, and beyond. By the second quarter of 2014 SBEP plans to expand its activities into up to two additional regions of the country: the Northeastern Region (consistent with project design), and either the Southeastern or Eastern Regions are possibilities contingent upon SECO funding.

To date, SBEP has launched market-driven initiatives in several value chains to address the root causes of unemployment and stagnant local economies. Those sectors include: agriculture, grains, and dairy; wild-gathered products; light manufacturing; rural tourism; construction; and women's entrepreneurship. In all of these areas SBEP has addressed critical development "gaps" – a technology gap, a skills gap, a financing gap, gaps in market linkages, or some combination thereof. Each initiative is viewed through the prism of economic viability – it must show serious potential to create value: MSME growth, investment, job creation, and improved livelihoods.

Sustainability is ensured by the active engagement of local partners who are committed for the long-term. Public sector institutions, lead firms, and civil society organizations are a *sine qua non* in the implementation of SBEP's interventions.

One of SBEP's main operational axes is import substitution, i.e. the facilitation and enhancement of internal supply chain linkages across industries to stimulate MSME growth. At the same time, SBEP fosters public-private dialogue to pool resources and ideas, ensure buy-in, and identify opportunities for domestic producers to meet specific procurement needs of lead firms operating in the country.

SBEP's specific "value-added" varies from one sector to the next, but all interventions are supported and advanced by some combination of cross-cutting, systems-level initiatives: investment; workforce development; business service organization (BSO) enhancement; improved access to financing; and institutional capacity-building at regional and local levels.

## QUARTER OVERVIEW

During the first quarter of FY 2014, the activities implemented and supported by SBEP and its local partners have continued with characteristic intensity. The following are items of note:

- The corn harvest was completed in both Polog and Pelagonija, with highly impressive results;
- Over 200 new wild herb and mushroom collectors were trained in the National Park Mavrovo and in the municipality of Demir Hisar;
- SBEP partner consulting company PointPro developed a business model for the National Park Mavrovo to utilize its natural resources sustainably, generate new revenues, and create jobs;
- The light manufacturing supply chain agents identified a business case for IML food packaging within the Light Manufacturing initiative;
- The Macedonia Adventure Travel Initiative was launched;
- PointPro presented the feasibility study for an irrigation system in the municipality of Novaci;
- A survey was conducted among light manufacturing companies in Polog established with Diaspora investment;
- An additional small business was supported in Polog under the Women's Entrepreneurship initiative.

Following are details about each of these activities in both distinct value chains, as well as in the area of public-private dialogue.

## VALUE CHAINS

### Agriculture, Grains and Dairy

#### Grow More Corn

During the first quarter of FY 2014, as accounted for in the monthly reports for October and November 2013, the corn harvest in both Polog and Pelagonija was completed. The results were as expected: significantly increased yields in the production of both corn for grain and corn for silage.

To recap, in Polog, there were 14 participating farmers using drip irrigation. Their yields of corn for grain increased by 61%, from an average of 6.6 tons/hectare to 10.6 tons/hectare. For silage, there was a 55% increase in the yields, from 35.4 t/ha to 55 t/ha.

For the 27 farmers in Pelagonija, there was a 33% increase in the yields of corn for grain – from an average of 9.2 tons/hectare to 12.2 tons/hectare, and a 24% increase in the yields of corn for silage – from 53.9 t/ha to 67.1 t/ha.

The group of 29 farmers in Polog who only benefited from protocols provided by SBEP's technical partners for growing the corn, but not drip irrigation systems, also reported increased yields. As a group, their average yield of corn for grain in 2012 was 6.2 t/ha, while in 2013, it reached 8.3 t/ha, representing a 35% increase. While a notable increase, these "control group" results are barely half the improvements seen under drip irrigation schemes in the same area - further evidence for the catalytic power of drip irrigation.

Value Chain	Activities this quarter
<b>Grow More Corn</b>	<ul style="list-style-type: none"> <li>• Harvest of both corn for grain and corn for silage completed in Polog and Pelagonija</li> <li>• Results have been summed up: yields and revenues have increased sharply, and other advantages (saved time and effort) are also notable</li> <li>• Coordination with major dairies has continued regarding the support for next season's farmers. Similar discussions held with regional agricultural traders.</li> <li>• MK Government plans to include drip irrigation for corn in its subsidy program for 2014 and beyond - \$18M approved</li> </ul>



*One of the methods of preparing silage in Polog*

This has confirmed the projections made at the beginning of the initiative, that if farmers switch from watering their corn the traditional way and start using drip irrigation and modern farming protocols, the results in terms of increased yields are evident after only one season. Based on the yields, and on discussions with the farmers, SBEP expects that as they improve practices from year to year, they can increase yields up to an additional 50%. Increased production also means increased revenues: on pilot plots with drip irrigation, farmer revenues have increased by US\$1,330/ha for those growing corn for grain, and by US\$1,194/ha for those growing corn for silage. This translates to real economic benefit among the drivers of rural economies.

It is important to note the other benefits farmers have realized when using drip irrigation for growing corn, such as saved time and effort, i.e. the opportunity for other revenue-generating activities on and off the farm. Paskal Jovanovski, one of the farmers in Polog who has received a drip irrigation system for growing his corn, explains one of the benefits: *“You have to buy the gas to power the water pump, but on the other hand, you don’t have to bring a pickaxe to the field to dig the channels for flood irrigation.”* The time savings caused by the use of the drip irrigation are significant: SBEP surveys revealed that partner farmers spent an average of 50 hours per hectare per season with sprinkler or flood methods, while a single hectare under drip irrigation requires just 10 labor hours - an 80% time savings.

Farmers both in Polog and Pelagonija have recognized the benefits: *“It’s great, the results are visible, now all we need to do is to invest in quality seeds and work harder”*, said Nikolche Petkovski, a farmer from the village of Poeshevo. In the pilot year of the initiative, 11 farmers from Pelagonija had bought drip irrigation equipment in addition to the one supplied by SBEP. This year, almost all of the Pelagonija pilot group farmers have announced plans to expand this type of irrigation on more fields, a total of some 45 additional hectares. In Polog, farmers struggle with small agricultural parcels, but still the majority of the farmers in the pilot group – 11 out of the 14 – have plans to upgrade their fields with equipment for some 19 more hectares.

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*“We will invest more as we grow”,  
said Nikolche Veljanovski, a farmer  
from the village of Novaci.*

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The pilot year of SBEP’s *Grow More Corn* initiative has resonated well with stakeholders across the board: farmers, dairies, agricultural traders, local governments, the National Extension Agency, as well as the Ministry of Agriculture, Water Economy and Forestry. To reach farmers across the country, SBEP has used the leading agricultural publication in the country, *Moja Zemja*, which has been featuring monthly articles about growing corn with drip irrigation, as well as other stories about SBEP’s activities.

Leveraging support from various stakeholders, SBEP is currently making preparations for next season, and developing the mechanisms for selecting the new group of farmers which will become part of the program in Year 2. Bearing in mind that the major dairies have recognized the importance and agreed to support farmers in their own supply chains with drip irrigation systems for producing corn, i.e. feed for their animals, SBEP and partners are setting the stage for scaling the program. This quarter, meetings were organized with Sinpeks and Hemometal – two companies based in Pelagonija which are the largest traders in agricultural equipment in the country. The possibility of them joining the program were discussed, as they have drip irrigation systems in their offer. There are major opportunities for farmer financing through these lead firms, to which partner dairies such as BiMilk and Ideal Shipka have already committed for 2014. SBEP is actively facilitating these arrangements.

Another opportunity for the farmers to acquire drip irrigation systems for corn has been shaping up: the National Program for Financial Support of Agriculture for 2014, which envisages up to USD \$18 million in subsidies in this area over the next four years. These are the methods through which SBEP will equip an additional group of farmers – both those who only produce corn as well as those who have dairy cows – with drip irrigation systems for growing corn, which will increase their production and thus have a ripple effect on the entire value chain. This type of buy-in demonstrates the commitment of the Macedonian government to ensuring the sustainability of SBEP interventions that create value for the country’s micro and small businesses, including the farmers who form the backbone of the rural economy.



## Light Manufacturing

During this quarter, in addition to the ongoing work in identifying supply chain opportunities and matching MSMEs from the local supply base with larger lead companies, there were two major highlights within the Light Manufacturing initiative: the build-up of a business case around the production of a particular type of food packaging known as IML plastic containers, and the survey conducted among light manufacturing companies in Polog that have been established with Diaspora investment.

The IML or “in-mold labeling” procedure allows for paper or plastic labels to be molded into plastic packaging, as opposed to gluing them to the surface, and it has become widely sought after by food companies as an improved design, which attracts the customers. In the course of the research and interaction with the light manufacturing companies across the country, the supply chain agents hired by SBEP have identified an opportunity for developing a model for large-scale local production of this particular type of food packaging. A number of food companies visited by the agents, including Ideal Shipka, BiMilk, Milina, Swisslion and Cermat have expressed interest in replacing IML packaging they currently import (from Serbia and Bulgaria) with products from a local supplier. At this time, in Macedonia this type of packaging is produced in small quantities only by Plamteks, a small company from Skopje. The agents are working on gauging the potential that can be locally offered in terms of volume and pricing, and investigating whether Plamteks would be willing to invest and expand in order to meet the needs of these major producers.

Value Chain	Activities this quarter
<b>Light Manufacturing</b>	<ul style="list-style-type: none"> <li>The supply chain agents have identified a business case worth developing: the IML plastic containers used in food packaging. They are exploring options for implementation.</li> <li>The agents conducted a survey among 50 companies founded or supported by Diaspora investment in Polog. The purpose: identify the profile of investors, and also discover issues they face when establishing a business</li> </ul>



*IML packaging (left) compared to plastic packaging with the label glued on*

During the nine months since the beginning of the initiative, SBEP's two supply chain agents have approached more than 40 companies, identified 35 leads, facilitated business worth USD \$20,000, and potential business worth USD \$680,000 /annum. In parallel, they have researched the issues of the light manufacturing supply chains through a stakeholder analysis, and the main findings were the following:

- The light manufacturing/subcontracting sector (metal processing, mechanical engineering and electrical engineering) is one of the most complex and diversified sectors in the country. The sector includes production of various types of products for different applications, such as: processing equipment, metal enclosure and furniture, automotive parts and assemblies, household appliances, safes and metal doors, spare parts and equipment maintenance, metal constructions etc.
- This is an important sector for the country. There are over 2.000 companies involved in this sector with about 25.000 employees, which is about 25% of the total number of employees in the manufacturing sector, or about 6% of the total number of employees in the country.
- The total exports of the subcontracting sector amount to 1.1 billion Euro, of which 72% are base metals (iron alloys, iron and steel, and fabricated steel products)<sup>1</sup>, 10% are machinery and mechanical appliances, 14,5% are electrical machinery and equipment, and 3% are transport vehicles and parts.
- The companies in the sector continuously invest in new equipment and processes in order to improve efficiency of operations and meet customer demand. There is, however, very little cooperation within the sector.
- **The main barriers for growth of the sector identified through the interviews are access to new customers/markets, access to finance and practical experience of the labor.**

The other main task of the supply chain agents was conducting a survey in the Polog region of companies founded or supported by Diaspora investment. The exercise was two-fold: on the one hand, it would provide information on companies from the light manufacturing industry, which would feed into the bulk of information that the agents are gathering from the ground on stakeholders relevant for this initiative, and on the other, it would provide insight into the experience and opinion of Diaspora investors, which is of importance for shaping the activities with SBEP's initiative on Diaspora Investment. The survey, covering 50 companies and organized in cooperation with USAID's IDEAS Project focused on investment promotion, was completed in December and the results will be presented in January at an event organized within the Diaspora Investment initiative (see relevant section, below).

## Wild-Gathered Products

Trainings on sustainable collection of wild herbs and mushrooms within the Wild-Gathered Products initiative continued throughout this quarter, reaching 227 new collectors for a total of 610 people trained since the beginning of the initiative. The highlight of this quarter was that the first trainings in the Pelagonija Region have been conducted in the villages of the Demir Hisar municipality, where there exists a strong culture and history of wild products collection.

Value Chain	Activities this quarter
<b>Wild-Gathered Products</b>	<ul style="list-style-type: none"> <li>• 227 new collectors trained</li> <li>• PointPro developed a study to determine the most appropriate business model for National Park Mavrovo</li> <li>• A TV advertisement created, to be aired in February 2014</li> </ul>

Also during the quarter, SBEP supported production of a manual on sustainable collection of these products. The booklet contains information about 40 of the most common herbs and mushrooms found in the forests across Macedonia, and details about how and when they are collected. It is a handy format, which the collector can bring along with him or her when going out to collect. There are versions in both Macedonian and Albanian, and the first batch has already been distributed together with the certificates to the collectors who were trained in the Demir Hisar area. The practice will continue with all the trained collectors: each of them will receive a copy together with the certificate.



Two versions of the cover page of the "Manual for Collecting Herbs, Lichens, Mushrooms and Forest Fruits"

Total number of  
collectors trained in the  
period October –  
December 2013

227



Total number of  
collectors trained since  
the beginning of the  
initiative to date

610



Awarding certificates and giving out brochures to trained collectors in Demir Hisar



SBEP has also continued to promote this income-generating activity in Polog. A TV advertisement has been created to inform collectors about the opportunity to attend trainings and get certified through SBEP. It features Tetovo Mayor Ms. Teuta Arifi and a young woman who earns an additional income by collecting and selling wild herbs. It is planned for airing in February, before the start of the collection season.

A special target population are the rural women in Polog, which was also emphasized at the event organized in the village of Shipkovica on October 12, on the occasion of the International Rural Women's Day. Among the 70 or so attendees was Gëzim Ajdini, owner of Mebi Prima, the first herb collection center opened with SBEP's support. Mr. Ajdini is aware that there is great potential in women collectors, and he is eager to include them in his group of collectors.

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*"In order to improve the quality of our business, one very important measure was the involvement of women in the collection process, which is why we support this initiative.", said Gëzim Ajdini, owner of Mebi Prima, the first collection center opened in Polog with SBEP's assistance.*

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Also this quarter, PointPro, the local consulting company hired by SBEP, completed a study concerning various business model options for the National Park Mavrovo to best take advantage of the natural resources within the park. The research included interviews with the leading herb companies in Macedonia, and also local collectors from the villages in the Park. The most viable option – economically and in terms of environmental and livelihoods sustainability – is for the Park to enforce the overall legal and regulatory framework for sustainable gathering and purchase of the wild gathered products, and allow economic operators to set up collection centers on Park lands. Primarily, these economic operators would be the large aggregators operating at the national level, which have smaller companies in their supply chains. This model would provide the Park with a sustainable source of revenues, safeguard its natural resources, and create employment for a significant portion of the local population, which is currently limited by location and access to markets. Representatives of the Park have already met with one of the biggest herb companies in the country, Ko-Ro, and have planned meetings with the other major one: Flores. PointPro is also covering the major mushroom companies with its research, including Igor Komerc and Grinfungo from Gostivar, Intermak from Veles, Fungi Flora from Radovich, etc., with the purpose of understanding their perspective on the business. Next steps will include further elaboration of the model in terms of how the companies will be contracted, i.e. authorized by the Park to purchase wild-gathered products, as well as the details for its implementation.

Trainings on Wild-Gathered Products			
Place		Date	Number of participants
Polog	Bogovinje	5 October 2013	14
	Vrben	6 October 2013	34
	Rostusha	13 October 2013	9
	Prisojnica	2 November 2013	21
	Nistrovo	9 November 2013	10
Pelagonija	Smilevo	15 November 2013	33
	Strugovo	16 November 2013	32
	Sopotnica	16 November 2013	19
	Slepche	17 November 2013	27
	Sloeshtica	17 November 2013	14
Polog	Gostivar	20 December 2013	14

## Rural Tourism

This quarter saw the launch of SBEP's **Macedonia Adventure Travel Initiative** in collaboration with USAID's Regional Economic Growth (REG) and the Adventure Travel Trade Association (ATTA). SBEP has identified adventure travel as a promising path toward developing a sustainable tourism industry that will have minimum impact on the environment and traditional culture, while significantly contributing to the local economy. Macedonia's tourism offerings already includes a strong base of adventure travel activities, such as hiking, horseback riding, biking, mountaineering, cultural immersion opportunities, archeological expeditions, and exploring rural villages.

Value Chain	Activities this quarter
<b>Rural Tourism</b>	<ul style="list-style-type: none"> <li>• Macedonia Adventure Travel Initiative launched</li> <li>• MoU signed with the National Agency for Promotion of Tourism</li> <li>• Tourism Working Group to be established, members of which will attend ATTA trainings and partner with international ATTA affiliates</li> </ul>

Within this initiative, SBEP will work closely with members of Macedonia's tourism supply chain to help them implement industry standards and establish "best practices", which will in turn help them respond to new market opportunities, grow their businesses and create more jobs.

For the purpose of conducting an on-the-ground assessment and evaluating opportunities for future activities, tourism consultant and Bradt travel guide writer Kirk Smock spent two weeks in Macedonia, visiting a number of locations and meeting with local tourism enterprises. In addition to the inbound tour-operators, travel agents, lodge and hotel owners, hiking and biking associations, food service providers, and other tourism-related businesses, Mr. Smock and SBEP staff met with national and local authorities which can facilitate growth of this industry. The responsible national institution – the Macedonian Agency for Promotion of Tourism – has immediately expressed interest and willingness to support the initiative, confirmed by signing an MoU with SBEP.

SBEP is working to establish a Macedonia Tourism Working Group, which will bring together local tourism representatives — both private and public — to partner with the Adventure Travel Trade Association (ATTA), a global membership organization comprised of tour operators, tourism boards, specialty travel agents, guides, accommodations, media and service providers. ATTA members represent and provide a direct link to tens of thousands of potential visitors; for this reason ATTA is at the heart of SBEP's market-driven approach toward developing the local tourism industry. SBEP's goal is for Macedonia to become one of the top destinations for the international adventure traveler, together with other Western Balkan countries. Interested ATTA members will be able to partner with Macedonian in-bound tour operators and bring travelers to enjoy the diverse offerings of Macedonian culture and nature.

Negotiations and preparations for next year's activities are underway. The first event which will be organized in partnership with ATTA, will be the *AdventureEDU* trainings for the local tourism industry in March 2014. An *AdventureWeek* tourism familiarization (FAM) trip is planned for August 2014, followed by Macedonian representation at the ATTA's 2014 Adventure Travel World Summit, which will take place in Ireland in October 2014.

Members of the local tourism industry have already shown interest in joining the initiative. Recognizing that SBEP's approach is more 'hands-on' and results-oriented than the usual development interventions, Mr. Pece Cvetkovski, owner of Villa Dihovo, near Bitola, was supportive of the initiative: *'We need to start doing something. Education and trainings are not enough. We need to actually take active steps, something has to be done and not only said.'*



*The family-run guest house Villa Dihovo in the foothills of Pelister near Bitola*

## Construction

SBEP is continuing its initiative to create more and better jobs within the construction industry in Polog, based on a vocational education program for the (potential) work force in the region, along with refurbishing the VET school facility in Tetovo.

The construction sector in Macedonia, and especially in Polog, holds huge potential for boosting employment, but the efforts to improve the quality of the local workforce have been hampered by funding constraints, outdated facilities, and limited private sector involvement.

Envisaging a public-private partnership which would include leading construction company Renova and the Tetovo VET School and Workers' University, as well as the Municipality of Tetovo, SBEP's goal is to create a workforce development program to meet labor market demands. The strategy also involves a physical upgrade to the existing VET school in Tetovo, which is currently in disrepair. Once refurbished, the facility would have "dual use" – remaining a vocational secondary school, but also offering specialized training and certification courses during off-hours. The model for developing this program is the vocational school in Skenderaj, Kosovo, which SBEP and a delegation of stakeholders visited in 2013.

In November, Mr. Argjent Karai, the designer of the Kosovo VET school and creator of its vocational education program, was hired by SBEP to develop a Project Proposal that will serve as a basis for fundraising and further follow-up of its implementation. Mr. Karai's work will involve gathering information through interviews and meetings with the relevant authorities, conducting analysis, and proposing the best possible approach to implementation of both components: physical upgrades to the facility, as well as its functionality and curriculum. The activities will be divided into phases, which may overlap, and the final document is expected in May 2014.

Value Chain	Activities this quarter
<b>Construction</b>	<ul style="list-style-type: none"> <li>Architect and consultant Argjent Karai hired to prepare a Project Proposal for the initiative, which will serve as a basis for fundraising and follow-up implementation</li> </ul>

## PUBLIC-PRIVATE DIALOGUE INITIATIVES

### Regional and Local Capacity Building

#### LEADER / LAG

Pelagonija is the first region in which the LEADER approach is officially being implemented, and SBEP plans to replicate the model in other target regions. The municipalities in the Polog region have expressed interest in the engaging in such a process and wanted to learn more about the experience in Pelagonija. For that purpose, SBEP and its partner the Pelagonija RDC organized a one-day workshop on December 11, for their colleagues from Polog, including representatives from the LED offices of the Polog municipalities, as well as the Polog RDC. The agenda included a presentation of the “PeLAGonija LEADER” project, past and future activities, positive and negative aspects in implementing the process, and also the history of LEADER, the EU accession agenda, and national regulation affecting the process. In addition, participants shared several examples of pilot projects and explanations of how LAGs are structured. In the coming period, SBEP will look at ways on how to proceed with organizing the LEADER process in the Polog region.

PPD	Activities this quarter
<b>LEADER/ LAG</b>	<ul style="list-style-type: none"><li>• A LEADER/LAG one-day workshop was held on December 11 in Bitola, for counterparts from Polog, including representatives from the municipal LED offices, the RDC and the Economic Chamber.</li></ul>



*Polog representatives learning about the experience of RDC Pelagonija in implementing the LEADER approach*



## Novaci Irrigation Feasibility Study

The presentation of the Feasibility Study for the Irrigation System in the Municipality of Novaci took place on December 12, in front of a large group of stakeholders consisting of the Mayor of Novaci, Mr. Lazar Kotevski; the Deputy Minister for Agriculture, Water Economy and Forestry, Mr. Zoran Konjanovski; the Director of the National Extension Agency, Mr. Igor Zlatkov; representatives of the largest power plant in the country, REK; the regional water supply company, Strezevo; the nation's biggest agro-industrial firm, ZIK Pelagonija; and the Public Communal Enterprise in Novaci.

PPD	Activities this quarter
<b>Novaci Irrigation Feasibility Study</b>	<ul style="list-style-type: none"><li>• Presentation of the Feasibility Study was held in Novaci on December 12, in front of a large group of stakeholders.</li><li>• Deputy Minister for Agriculture announced financial support for the project</li></ul>



*Deputy Minister for Agriculture, Mr. Zoran Konjanovski, at the Feasibility Study presentation*

In his address, Deputy Minister for Agriculture, Mr. Konjanovski, gave his full support for the project, promising financial support from the state for its implementation. He said: *“When I see the people sitting around this table, I can say that I have collaborated with all of them and I can be sure that this project will be implemented”*, adding, *“I salute the initiative. It coincides with the Government’s plans and programs. We will allocate funds for the realization of this project.”*

He reiterated the Ministry’s plans to allocate funds for drip irrigation systems for corn in the National Program for Financial Support of Agriculture in 2014, allowing farmers from all across Macedonia to take advantage of this opportunity, which was first introduced in the country with SBEP’s Grow More Corn initiative.

## Diaspora Investment

Within the Diaspora Investment initiative, two major activities took place this quarter. One was the survey of existing companies in the Polog region that have been founded or supported by Diaspora investment. The purpose of the survey was to gather information which will help understand why Diaspora members have decided to invest in their homeland, and what are the main issues they face during the investment

period. The survey covered some 50 companies, mainly from the light manufacturing industry, which will in turn help identify potential stakeholders in Polog for SBEP's Light Manufacturing initiative. The complete results of the survey will be presented in January before an audience of stakeholders from Polog, including representatives from the municipal LED offices and major Diaspora investment businesses, and the members of the Regional Action Group (RAG), which is responsible for developing and operationalizing the Diaspora Investment initiative.

The preliminary results from the survey have shown that the majority of Diaspora investors are male, between 40-50 years of age, who have worked abroad for more than 10 years. The companies they have established are mostly MSMEs and they find that there are too many regulations.

PPD	Activities this quarter
<b><i>Diaspora Investment</i></b>	<ul style="list-style-type: none"> <li>SBEP organized a study trip to Kosovo for the members of the RAG on October 24, to learn about the Kosovar experience in facilitating and promoting Diaspora investment possibilities</li> </ul>

The other major activity was a study trip to Kosovo for the members of the RAG, which took place on October 24. The purpose of the trip was to learn more about the Kosovar experience in facilitating and promoting Diaspora investment possibilities, and creating linkages and partnerships with Diaspora-owned companies and organizations. The RAG members met with local and national institutions as well as international projects working towards attracting Diaspora investment. Apart from sharing their experiences, the Kosovar counterparts expressed readiness to cooperate with colleagues from Macedonia and a joint conference on Diaspora investment is planned for January in Tetovo.



*The RAG members visiting counterparts in Kosovo*

## Women's Entrepreneurship

This quarter SBEP added another local business to the Women's Entrepreneurship initiative in Polog: the tailor shop of Ms. Azbije Jonuzi from Gostivar, who produces traditional dresses and wedding gowns, as well as labels and uniforms for a transport company and draperies for buses. Three women are currently regularly employed at the shop, two are part-time and some 10 to 15 are working from home, supplying her with hand-made parts for the dresses. SBEP's assistance consists of additional equipment for the shop: five different sewing machines and one industrial iron. This will enable her to double production, and add three to four fully-employed women to her team. As in other such initiatives, this implies ripple effects among her "informal" supply chain of women working from home. Apart from the direct and indirect jobs facilitated, these initiatives serve to promote the stories of these women entrepreneurs and encourage others to take similar action.

Three more initiatives are currently being investigated further and have the potential of expanding with the support of SBEP.

The Women's Advisory Board continues to be developed, as a group consisting of women business leaders from the region, municipal representatives, and as business women who have benefited from SBEP's assistance for expanding their businesses. The Board would be charged with identifying and recommending initiatives appropriate for SBEP and other support, as well as promoting the opportunity, while the technical aspects of the work would continue to be carried out by the Association for Local Rural Development (ALRD). This is continuation of the work SBEP did in the first part of 2013, and the Women Advisory Board is a modified form of an association of business women, which could gradually work its way towards developing a full-fledged association.

PPD	Activities this quarter
<b>Women's Entrepreneurship</b>	<ul style="list-style-type: none"> <li>One more local women-owned business supported within the initiative: a tailor shop in Gostivar with growth potential</li> <li>Continued progress on the Women's Advisory Board</li> </ul>



*Ms. Azbije Jonuzi in her workshop*

In parallel, SBEP and ALRD have been working on approaching Ecolog - one of the biggest companies in Polog, which has its own CSR component – to discuss their involvement in SBEP's Women Entrepreneurship initiative. While SBEP's idea was for Ecolog to match project funds, i.e. support initiatives in addition to the ones funded by SBEP, Ecolog has shown interest in the other activities implemented by SBEP. The next phase will include a more detailed elaboration of the possible lines of cooperation and signing of an MoU.

## EVALUATION

SBEP staff continues to track results from its activities according to the indicators in its Performance Monitoring Plan (PMP). Alongside continuous documentation of all field visits, activities and events, SBEP staff makes sure that baseline data is gathered for each new initiative/opportunity/beneficiary. Attached are the summarized figures for this quarter. (Annex I)

It should be noted that as part of its FY 2014 Work Plan development, SBEP has discussed, both internally and with USAID, and eventually revised the definition of "employment" as understood by SBEP. In order to standardize reporting across all initiatives, SBEP has started using the International Labor Organization (ILO) definition, which considers as employed "all persons...who...during [a] reference period performed some work for wage or salary, in cash or in kind."<sup>1</sup> This allows SBEP to

<sup>1</sup> The International Labor Organization, on p. 2-3 of its "Resolution concerning statistics of the economically active population, employment, unemployment and underemployment," adopted by the Thirteenth International Conference of Labour Statisticians in October 1982, defines employment as follows below (ILO continues to reference this definition from 1982 in its most current publications):

### *Employment*

9. (I) The "employed" comprise all persons above a specified age who during a specified brief period, either one week or one day, were in the following categories:

(a) "paid employment":

(a1) "at work": persons who during the reference period performed some work for wage or salary, in cash or in kind;

(a2) "with a job but not at work": persons who, having already worked in their present job, were temporarily not at work during the reference period and had a formal attachment to their job.

This formal job attachment should be determined in the light of national circumstances, according to one or more of the following criteria:

(i) the continued receipt of wage or salary;

(ii) an assurance of return to work following the end of the contingency, or an agreement as to the date of return;



consider as employed both traditional jobs such as those in the light manufacturing and construction sectors, as well as registered farmers and wild herb collectors. These would be the direct jobs created, while we will also consider the indirect jobs, such as those created in a supply chain of a business that SBEP has supported. SBEP has borrowed the definition of Direct and Indirect jobs from the International Finance Corporation (IFC), where *Direct jobs* are those “with a [target] company,” and *Indirect jobs* are those “created in suppliers and distributors.”<sup>2</sup>

Also, SBEP PMP Indicator #16 (a standard USAID indicator used to track project support to microenterprises), which projects average 50% income growth of targeted local population over the life of the project, has been revised to refer exclusively to those individuals involved in the project’s Wild-Gathered Products initiative. Going forward, it will apply specifically to income changes resulting from SBEP-supported activities, not general household income. This is not to suggest that individuals and microenterprises in other initiatives will not also achieve significant income improvement with project assistance. Rather, it is a reflection of the difficulty of obtaining reliable data on incomes from certain sub-sets of microenterprises (such as individual farmers), as well as the near-impossibility of disaggregating impact attributable to SBEP from household incomes in such cases.

## ADMIN UPDATE

During this quarter, CARANA CEO Mr. Eduardo Tugendhat, as well as its President, Mr. Santiago D. Sedaca, visited Macedonia. Project Specialist Mr. Matt Inbusch also spent time on the ground, providing operational support for the Project. During Mr. Tugendhat’s visit, SBEP staff together with representatives of local institutional partners held a two-day working session on SBEP’s Work Plan for FY 2014. The discussions and the experiences shared by the participants were used to shape SBEP’s activities for the coming year. The Work Plan was finalized and approved by USAID in November 2013. The visits by our colleagues from the home office were also to familiarize them with activities implemented by SBEP in Polog and Pelagonija, and to acquaint them with local partners and beneficiaries.

In terms of staff, an additional administrative staff member, Ms. Emilija Zravkovska, has joined the team. She will work alongside Project Coordinator Mr. Vladimir Velichkovski, in the Pelagonija region.

## CALENDAR

Attached is the calendar of SBEP activities that took place during this reporting period. (Annex II)

## ANNEXES

[Annex I: SBEP Performance Monitoring Plan table for current reporting period](#)

[Annex II: SBEP Calendar of Activities for current reporting period](#)

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(iii) the elapsed duration of absence from the job which, wherever relevant, may be that duration for which workers can receive compensation benefits without obligations to accept other jobs;

<sup>2</sup> “IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction.” International Finance Corporation. 2013.